

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NEA-14 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01

EURE-00 PA-04 PRS-01 USIA-15 /186 W

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P R 071421Z JUN 74

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC PRIORITY 4481

INFO AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

C O N F I D E N T I A L ANKARA 4453

E.O. 11652: GDS

TAGS: EGEN, ENRG,TU

SUBJECT:MOBIL AND BP HAVE CEASED IMPORTING OIL INTO TURKEY

REF: ANKARA 4277

1. TODAY, JUNE 7, MARC CASANOVA, THE HEAD OF THE MOBIL COMPANIES IN TURKEY, CALLED ON ME TO EXPLAIN WHY MOBIL AND BP HAD CEASED IMPORTING OIL INTO TURKEY. CONFIRMING INFORMATION IN REFTEL, HE SAID THAT DESPITE ALL HIS EDUCATIONAL AND PERSUASIVE EFFORTS WITH OFFICIALS IN MINISTRIES OF FINANCE, AND ENERGY AND NATURAL RESOURCES, CAHIT KAYRA (MINISTER OF ENERGY) HAD OUTRIGHT REJECTED MOBIL'S AND BP'S REQUESTS FOR HIGHER PRICES FOR ITRTED CRUDE AND FOR THE RIGHT TO ADJUST REFINING MARGINS AT THE ATAS REFINERY. CASANOVA ASSERTED THAT MOBIL HAD LOST \$6 MILLION AT ATAS FROM JANUARY - MAY 1974. OF THE FIVE MOBIL COMPANIES IN TURKEY, HE SAID, ONLY MOBIL EXPLORATION WAS PROFITABLE; HOWEVER, MOBIL IS SUFFERING A NET LOSS. CONTRATY TO HIS STATEMENT TO EMBOFF ON JUNE 3, HE WAS UNABLE TO SEE KAYRA

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ON JUNE 4 OR 5.

2. KAYRA SENT BOTH COMPANIES A LETTER ON JUNE 3, DEMANDING THAT THEY RESUME THE IMPORT OF CRUDE OIL TO FULFILL THEIR COMMITMENT SWITHIN TWO WEEKS. IF THEY REFUSED TO DO SO, HE THREATENED TO INVOKE ARTICLE 132 OF PETROLEUM LAW WHICH PERMITS GOVERNMENT TO DEMAND COMPLIANCE WITHIN 90 DAYS. IF COMPANIES STILL FAIL TO COMPLY, GOVERNMENT COULD TAKE OVER OPERATION OF ATAS FOR MINIMUM OF 90 DAYS AND MAXIMUM OF 180, AND PROPOSE TO COUNCIL OF MINISTERS CANCELLATION OF PERMIS, LICENSES, ETC.

3. CASANOVA SAID THAT TURKISH GOVERNMENT HAD SQUEEZED MOBIL TO POINT WHERE SOMETHING HAD TO BE DONE. DESPITE KAYRA'S PERSONAL STATEMENT TO CASANOVA AND IMPLIED IN KAYRA'S PRESS STATEMENTS AS WELL, THAT MOBIL COULD EASILY TAKE A LOSS AFTER MANY PROFITABLE YEARS, CASANOVA WAS STILL RELATIVELY HOPEFUL OF AN AGREED SOLUTION. HE MENTIONED THREE POINTS AS HIS EVIDENCE: (1) KAYRA HAD TOLD THE MEDIA THAT LOCAL MANAGERS HAD MADE THE DECISION WITHOUT CONSULTING HOME OFFICERS (CASANOVA SAYS NOT TRUE BU LEAVES MINISTER A WAY OUT IF HE CHOOSES TO BACKTRACK; (2) TURKS HAVE SAID THAT FINAL ADJUSTMENT OF PRICES (PENDING ARAMCO- SAUDI ARABIA AGREEMENT ABOUT JULY) WOULD BE MADE RETROACTIVE TO JANUARY 1, 1974, AND (3) KAYRA'S THREAT IN HIS LETTER TO THE TWO COMPANIES TO INVOKE ARTICLE 132 DID NOT HAVE IMMEDIATE EFFECT BUT IN TWO WEEKS.

4. CASANOVA WILL BE IN U.S. FROM JUNE 8 TO DISCUSS PROBLEM WITH TOPMOBIL LEADERSHIP AND IS DUE BACK IN TURKEY ON JUNE 12. HE SAID HE WOULD CALL ONHIS RETURN TO LET ME KNOW WHAT MOBIL HAS DECIDED AND WHETHER I COULD HELP. I ENCOURAGED HIM TO DO SO AND SAID WE WOULD DE EVERYTHING WE APPROPRIATELY COULD TO BE OF ASSISTANCE.

MACOMBER

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